Financial & Managerial Accounting Associate

FMAA Sample Questions



Section A: General Accounting and Financial Management

1. All of the following are categories on the statement of cash flows except

a. operating activities.
b. equity activities.
c. investing activities.
d. financing activities.

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2. A company borrowed money from the bank to fund necessary inventory purchases. As a result, the company must pay the bank monthly interest of $5,241. This month, the company showed a gross profit of $17,934 and SG&A expenses of $9,964. The income tax rate for the company is 33%. Based on this information, what should the company report as its income before taxes?

a. $17,934.
b. $7,970.
c. $2,729.
d. $1,829.

Section B. Financial Statement Preparation and Analysis

3. A company's financial statements for the past two years have the following values.

	Previous Year	Current Year
Sales revenue	$ 6,000,000	$ 6,600,000
Net income	500,000	540,000
Total assets	10,000,000	10,500,000
Inventory	600,000	500,000

Using horizontal analysis, which one of the following accounts has the largest percentage change?

a. Sales revenue.
b. Net income.
c. Total assets.
d. Inventory.

4. On October 1, a company purchased 50 units of inventory at $8 per unit. On October 5, the company bought another 100 units at $6 per unit. If the company sold 25 units on October 7, what would be the value of its ending inventory according to the FIFO method of inventory valuation?

a. $150.
b. $200.
c. $800.
d. $850.

Section C. Planning and Budgeting

5. Which one of the following best describes the order in which budgets should be prepared when developing the annual master operating budget?

a. Production budget, direct material budget, revenue budget.
b. Production budget, revenue budget, direct material budget.
c. Revenue budget, production budget, direct material budget.
d. Revenue budget, direct material budget, production budget.

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6. A company planned to manufacture and sell 5,600 toys for ¥750,000 and incur ¥400,000 in variable expenses and ¥255,000 in fixed variable expenses. By the end of the year, the company manufactured and sold 4,500 toys for ¥650,000; it incurred ¥375,000 in variable expenses and ¥195,000 in fixed expenses. What is the company's operating income variance for the year?

a. ¥15,000 unfavorable.
b. ¥25,000 favorable.
c. ¥75,000 unfavorable.
d. ¥100,000 unfavorable.

Section D. Cost Management and Performance Metrics

7. A company prepared a master budget based on 100 budgeted sales units with a $100 sales price per unit; a variable cost per unit of $50; and $2,000 in total fixed cost. The actual sales quantity was 70 units. When preparing a flexible budget, the operating income is

a. $1,500.
b. $3,000.
c. $3,500.
d. $5,000.

8. A company produces ready-to-bake pie crusts. In deciding whether to process this product further into complete ready-to-bake pies by adding filling, relevant dollar amounts to consider would include all of the following except the

a. cost to add the filling.
b. cost to manufacture the crusts.
c. selling price of the complete pies.
d. selling price of the crusts.

Section E: Professional Ethics

9. After a competitive bidding process, a company's purchasing director awarded a contract to the lowest bidder, an organization in which the director has a personal interest. Since the winning bidder had the lowest price, the director did not disclose the relationship with the entity. In fact, the director frequently highlighted the fact that the winning bidder had the most experience servicing contracts of this nature. In accordance with the IMA Statement of Ethical Professional Practice, which one of the overarching ethical principles did the purchasing director violate?

a. None, because a competitive bidding process was utilized.
b. Fairness, because the director did not tell the truth about the relationship with the vendor.
c. Integrity, because the director's relationship with the bidder could have impaired the director's judgment.
d. Honesty, because the director was not being truthful about the experience of the bidder.

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10. Which one of the following is an example of an overarching ethical principle from the IMA Statement of Ethical Professional Practice?

a. Competence.
b. Confidentiality.
c. Fairness.
d. Integrity.

Answers

1. Answer: b
2. Answer: c
3. Answer: d
4. Answer: c
5. Answer: c
6. Answer: a
7. Answer: a
8. Answer: b
9. Answer: c
10. Answer: c